



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

214 O'Neill HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

March 8, 2002

Fuzzy Math in the President's Education Budget

Dear Democratic Colleague:

Attached is an issue brief, "Fuzzy Math in the President's Education Budget," that analyzes the President's Fiscal Year 2003 funding proposals for education. For a detailed look at the President's entire budget, please look at "Return to Red Ink: Back to Budget Deficits" on our website at: http://www.house.gov/budget_democrats.

The President released his budget on February 4, and while Democrats strongly support the war on terrorism at home and abroad, we do not support the budget's cuts in vital domestic discretionary programs, its insistence on tax cuts paid for by the Social Security surplus, and its omission of a real Medicare prescription drug benefit. Overall appropriations for domestic programs — non-defense, non-homeland security, non-international programs — are \$12.4 billion (3.4 percent) below the 2002 level. The budget targets many of these cuts on the very areas the government has the most responsibility to help: low-income and vulnerable populations, environmental clean-up and conservation, and our future economic security.

The House Budget Committee is scheduled to mark up a budget resolution next week and to send it to the floor before the Spring District Work Period on March 25. I hope you find this information helpful as we move forward in this process. Please call me or the Budget Committee Democratic staff at 6-7200 if you have any questions.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member



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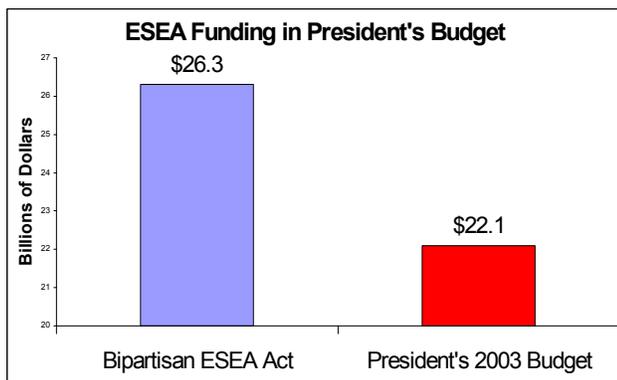
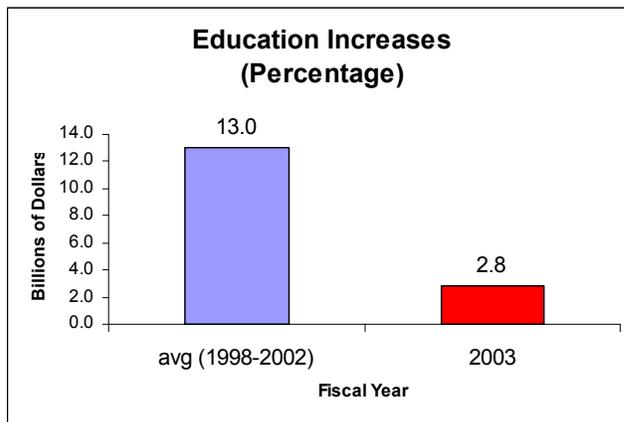
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The President's 2003 budget touts the Administration's emphasis on the war on terrorism and the defense of our homeland, and consequently provides large increases for these two areas while cutting funding in non-defense discretionary programs by \$12.4 billion below last year's enacted level. This is a \$24.7 billion (6.5 percent) cut in constant purchasing power for domestic programs. In contrast, funding for defense increases by \$35.7 billion and for homeland security by \$4.7 billion above the amount needed, according to CBO, to maintain purchasing power at the 2002 level. For more information about the budget, see our website at www.house.gov/budget_democrats.

Education in the President's Budget

While the budget does provide \$50.3 billion for the Department of Education (ED) — an increase of \$1.4 billion (2.8 percent) over the 2002 level but only \$735 million (1.5 percent) above the level needed, according to CBO, to maintain purchasing power at the 2002 level — the hike pales in comparison with education increases in recent years. Congress raised education appropriations by 15.9 percent last year, and by an average of 13.0 percent over each of the past five years.



Cuts New Education Act — The President's budget not only fails to provide all the funding authorized for the No Child Left Behind Act (ESEA), last year's bipartisan reauthorization of the nation's main elementary and secondary education law, it actually cuts funding for these programs by \$90 million from the 2002 enacted level, to \$22.1 billion for 2003. This is \$4.2 billion below the \$26.3 billion authorized for 2002.

- **Cuts in All Parts of ED Budget** — To fund increases in a few programs — primarily \$1.0 billion each to special education and education for the disadvantaged (Title I), \$549 million to maintain Pell Grants at their current levels, and \$100 million for reading — the budget cuts other education programs by \$1.8 billion from the 2002 enacted levels. Elementary and secondary education programs except for Title I bear the brunt of the cut, losing \$1.4 billion; the budget cuts higher education programs by \$241 million, and vocational and adult education programs by \$36 million.

| Education Cuts (Billions of Dollars) | |
|--|---------------|
| Elementary and Secondary | \$1.40 |
| Adult and Vocational | 0.04 |
| Postsecondary Education | 0.24 |
| <u>Other</u> | <u>0.12</u> |
| Total Cuts | \$1.76 |

- **Rescinds \$1.3 Billion of 2002 Funding for Labor-HHS-ED Programs** — The budget assumes rescission of \$1.3 billion of last year’s (2002) funding for Education, Health and Human Services, and Labor programs. Because last year many more eligible students than in the past applied for Pell Grants to attend postsecondary education, there is a \$1.3 billion shortfall for Pell Grants for 2002. Rather than make up this shortfall with additional funding for 2002 or for 2003, the budget requires Congress to cut \$1.3 billion from Congressional earmarks funded by the 2002 Labor, Health and Human Services, and Education Appropriations Act, and to transfer that \$1.3 billion to the Pell Grant program instead.
- **Education Tax Credits** — While providing few increases for public school education programs, the budget contains a large new tax credit that could offset the cost of private school for students in failing public schools. This tax credit costs \$175 million in government spending and forgone taxes in 2003, and \$3.7 billion over five years (2003-2007). The budget creates a second tax credit beginning in 2004 to allow teachers to deduct certain out-of-pocket classroom expenses, costing \$16 million in 2004, and \$577 million over 2004-2007. The budget also expands the current tax credit for teachers who work in high-poverty schools for five years to allow qualifying science, math, and special education teachers to have up to \$17,000 of their student loans forgiven. This expansion costs \$45 million in 2003, and \$112 million over five years.

Elementary and Secondary Education

- **Eliminates 28 Elementary and Secondary Education Programs** — The budget cuts funding for elementary and secondary education programs other than Education for the Disadvantaged (Title I) by \$1.3 billion. This requires eliminating 28 programs and other Congressional priorities including Drop-Out Prevention, Rural Education, Civic Education, Close-Up Fellowships, and numerous technology training programs. See “Education Programs Eliminated in the President’s 2003 Budget” on page 4 for a complete list of the all programs that the budget eliminates.
- **Highlights of Elementary and Secondary Education Program Cuts** — The budget decreases funding in many areas, including the following: educational technology (cut \$134 million, or 15.7 percent, to \$722 million); Improving Teacher Quality programs (down \$105 million to \$3.0 billion); Safe and Drug-Free Schools (cut \$102 million, or 13.7 percent, to \$644 million); Even Start (cut \$50 million, or 20.0 percent, to \$200 million); and Fund for

the Improvement of Education (cut by \$749 million, or 89.9 percent, to \$84 million).

- ***Freezes Key Elementary and Secondary Education Programs*** — The budget freezes funding for many education programs, including 21st Century Community Learning Centers after-school programs, comprehensive school reform, school choice and magnet schools, character education, and migrant education.
- ***Modest Increase for Special Education*** — The budget includes a smaller increase than Congress provided last year for the Individuals with Disabilities Education Act (IDEA) Part B grants to states, increasing them by only \$1.0 billion, for a total of \$8.5 billion for 2003. This funding puts the federal contribution at only 18 percent of the national average per pupil expenditure, still less than half the 40 percent “full funding” federal contribution ceiling authorized by IDEA.

| Education Increases Offset by \$1.8 Billion in Cuts (Millions of Dollars) | |
|---|-------|
| Title I | 1,041 |
| Special Education | 1,020 |
| Pell Grants | 549 |
| Reading | 100 |
| Charter School Buildings | 100 |
| School Choice | 50 |

Postsecondary Education

- ***No Increase in Maximum Pell Grant*** — The budget freezes the Pell Grant maximum award at the 2002 level of \$4,000. However, because more eligible students are expected to apply, the budget provides another \$549 million for Pell Grants overall for 2003.
- ***Freezes Campus-Based Postsecondary Assistance*** — The budget freezes funding at the 2002 level for all the campus-based postsecondary education programs (Supplemental Educational Opportunity Grants, Work Study, and Perkins Loans).
- ***Decreases Postsecondary Student Assistance*** — The budget freezes funding at the 2002 level for all the programs that provide assistance to postsecondary students (such as TRIO and GEAR-UP) except for the two that it eliminates entirely (Thurgood Marshall Legal Educational Opportunity Program and B.J. Stupak Olympic Scholarships). The budget also eliminates demonstration projects to ensure quality education for students with disabilities, and the Underground Railroad Program. See “Education Programs Eliminated in the President’s 2003 Budget” on the next page for a complete list of the all programs that the budget eliminates.
- ***Small Increases for Hispanic-serving and Historically Black Colleges & Universities*** — The budget provides a \$15.8 million (3.5 percent) increase for institutions of higher education that serve high proportions of minority and disadvantaged students, including Historically Black Colleges and Universities, Historically Black Graduate Institutions, Hispanic-serving Institutions, Tribally Controlled Colleges and Universities, and Alaska Native and Native Hawaiian-serving Institutions. To put this modest increase in perspective, Congress raised funding for these programs by \$46.1 million (11.5 percent) for 2002.

Education Programs Eliminated in the President's 2003 Budget

(Dollars in Millions)

| <i>Program</i> | <i>2002 Level</i> | <i>Program</i> | <i>2002 Level</i> |
|---|-----------------------|---|-----------------------|
| Improving Teacher Quality: | | Rehabilitation Services: | |
| School leadership | 10.0 | Migrant & Seasonal Farmworkers | 2.4 |
| Advanced credentialing | 10.0 | Recreational Programs | 2.6 |
| National writing project | 14.0 | Projects With Industry | 22.1 |
| Civic Education - we the people | 16.2 | Supported Employment State Grants | 38.2 |
| Civic Ed. - coop. ed. exchange | 10.8 | Access to Telework Fund | 20.0 |
| Rural Education | 162.5 | Leveraging Educational Assistance Partnership | 67.0 |
| Education Technology: | | Higher Education: | |
| Preparing Tomorrow's Teachers | 62.5 | Demos for students w/ disabilities | 7.0 |
| Star Schools | 27.5 | Thurgood Marshall Legal Ed. | 4.0 |
| Ready To Teach | 12.0 | B.J. Stupak Olympic Scholarships | 1.0 |
| Community Technology Centers | 32.5 | Underground Railroad Program | 2.0 |
| Safe and Drug-Free Schools: | | Adult Education: | |
| Grants for expelled/suspended | 50.0 | Grants for incarcerated youth | 17.0 |
| Alcohol Abuse Reduction | 25.0 | Literacy Programs for Prisoners | 5.0 |
| Mentoring | 17.5 | Vocational Education: | |
| Smaller Learning Communities | 142.2 | Occupational & Employment Info | 9.5 |
| Physical Education for Progress | 50.0 | Tech-Prep Demonstration | 5.0 |
| Elementary and Secondary Education Counseling | 32.5 | Comprehensive Regional Assistance Centers | 28.0 |
| Parental Assistance Info. Centers | 40.0 | Eisenhower Regional Mathematics and Science Education Consortia | 15.0 |
| Arts in Education | 30.0 | Regional Technology in Ed. Consortia | 10.0 |
| Foreign Language Assistance | 14.0 | Other Multi-Year Grants | 5.0 |
| Javits Gifted & Talented Ed. | 11.2 | Exchanges with Historic Whaling and Trading Partners | 5.0 |
| Dropout Prevention | 10.0 | Women's Educational Equity | 3.0 |
| | | Close-Up Fellowships | 1.5 |
| Total Programs Eliminated = \$1,051 million (2002 Funding) | | | |